



Fueling California: What Makes the California Fuel Environment Different in Terms of Policy, Cost, and Vulnerability?

Research Overview

Fueling California Research Team

Dr. Wallace Walrod, Orange County Business Council
Dr. Marlon Boarnet, University of California Irvine
Dr. Randall Crane, University of California Los Angeles
Dr. Roger Morton, California State University, Long Beach

Key Points

- Californians pay approximately 30 cents extra per gallon of gas in comparison to drivers in other states.
- California is a “fuel island” with no pipelines linking it to petroleum or crude oil supplies. The state must import an increasing share of fuel from shrinking domestic and distant international sources both overland and by sea (e.g., 14 days travel by tanker from the Gulf Coast).
- California regulations require special blends of gasoline.
- The state’s refining capacity has stagnated for decades despite a rapidly growing demand for gasoline.
- California’s “differentiated” fuel standards cause a continual risk of “supply outages”.
 - *Source: Fueling California Economic Research*

Quick Facts

California has the second highest state fuel taxes in the country.

- *Source: California Energy Commission*

California has one of the nation’s highest combined (federal, state, local) gasoline taxes, 28 percent higher than the national average, with California state gasoline taxes alone are 43 percent higher than the national average of state gasoline taxes.

- *Source: American Petroleum Institute*

Since 1997 Californians have paid between \$0.38 and \$0.61 more per gallon of gas than residents of other states once the price of oil and taxes is removed.

- *Source: Federal Trade Commission and American Petroleum Institute*

In terms of household expenditures on gasoline and oil, average California households spend over \$1,000 per year on fuel taxes and average an estimated \$277 more per year in gasoline taxes than the average American household.

- *Source: Experian and The Tax Foundation*



Overall U.S. trends for the past 10 years (1998 – 2007) show that, while upper-income households spend more on gasoline and oil (due to various differences in spending habits by income group), low-income households spend a larger share of their income on gasoline and oil.

- *Source: Bureau of Labor Statistics*

Commercial aviation generates \$186 billion annually in economic activity in the state, and is ultimately responsible for 1.5 million jobs.

- *Source: Fueling California Economic Research*

Airlines burned three percent less fuel—and emitted three percent less carbon—in 2007 than they did in 2000, despite hauling 20 percent more passengers and cargo.

- *Source: Fueling California Economic Research*

Petroleum powers approximately 98 percent of the Transportation sector through the refinement into fuel while 44 percent of the Industrial sector is powered by petroleum and transported to final destinations for sale by fuel.

- *Source: State Board of Equalization*

Approximately 58 percent of the cost for the gasoline we pay at the pump is derived from the cost of extracting and transporting crude oil.

- *Source: Energy Information Administration*

The effect of a proliferation of different fuel blends serves to fragment the existing infrastructure, complicating the processes of supply, refinement and distribution, and ultimately decreasing capacity and increasing prices for the consumers.

- *Source: Fueling California Economic Research*

The California Air Resources Board estimates that the additional costs of producing this “CARB” reformulated gasoline over conventional gasoline to be between five and fifteen cents per gallon.

- *Source: California Air Resources Board*

Geographical areas hurt worst by costs of California fuel standards are those which have been hurt worst by the economic downturn and will take longest to recover—Inland Empire and Central Valley.

- *Source: Fueling California Economic Research*

About Fueling California

Fueling California is a new nonprofit organization created to provide a united voice for responsible major fuel consumers on public policies that impact the cost, supply, content and availability of essential fuels and to help build awareness of active efforts by business and industry to introduce alternative fuels and technologies.

The mission of Fueling California is to promote the far-reaching benefits of a stable, reliable, cost-effective fuel supply and to build awareness of the importance of responsible fuel policies to ensure economic prosperity, consumer protection, a sustainable product, production quality and supply, and infrastructure improvements.



Fueling California has an eight-member Board of Directors comprising major fuel-reliant companies doing business in California. These include United Airlines, UPS, Union Pacific, Ambassador's International, Con-Way Inc., Harris Ranch, Avis/Budget, and Chevron. We also have a diverse coalition of supporters from throughout the state who are committed to a reliable and affordable California fuel supply.

The companies represented on the Board employ 365,942 Californians and contribute more than \$2.1 billion annually in tax revenues to the state.

###